BPI group

Insights from You!

BPI group interviews Gary S. Newman, SVP and Chief Human Resources Officer at CCC Information Services.

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BPI group recently had the pleasure of speaking with Gary S. Newman, SVP and Chief Human Resources Officer at CCC Information Services. CCC employs 1,200 people nationwide and is a leading provider of advanced software, communications and technology solutions to the automotive-claims and collision repair industries. CCC"s technology-based products and services optimize efficiency throughout the entire claims management supply chain, and facilitate communication among 22,000 collision-repair facilities, 350 insurance companies and a range of industry participants.(For more information see the website at www.cccis.com.) Gary has been with the company since August 2006 and manages a team of fifteen HR professionals.

The last two years have been challenging for all industries. Many of our readers have faced difficult decisions as their companies have restructured and right-sized. How has your company dealt with the challenges of ensuring that you have enough of the right talent to run your business?

Gary Newman: We are fortunate that our business model is fairly recession-proof compared to most businesses so that we were not significantly affected by the recession. As a result we were able to avoid workforce reductions due to reduced business and did not make reductions to any benefits or eliminate broad-based merit increase programs.

At CCC, we're also fortunate to have relatively low voluntary turnover rates, which were about 8 percent annually before the 4th quarter of 2008, to one to two percent after the crash. This is especially true of our professional positions but we also had low turnover rates in our call center staff. One of the reasons that the rate dropped even further during the recession is fairly obvious: people would rather stay with a profitable business, and with what they know instead of taking the risk of moving to another organization where there are so many unknowns.

So the challenge that presented itself to us was really an opportunity – my CEO and I recognized that changes in the labor market due to the recession provided us with an opportunity to bring in new skills and upgrade our talent. Because so many quality people were being downsized, we were in a position of strength to accelerate upgrading our talent. Internally, we had to convince our line managers that this was a good idea. Many were reluctant to step up hiring as they were concerned, naturally, that this would mean moving others – solid performers – out of the organization. How did we convince line managers to take advantage of the situation? It was a matter of education and twisting arms. Ultimately, they realized that their performance, as line managers, in turn relies on having great talent reporting to them, and so we proceeded with the upgrading opportunistically.

As an HR leader, what do you know now – that wasn't perhaps as evident prior to the recession – which you would share with others running HR functions of a comparable size to yours?

Newman: What's really been reinforced for me – a lesson I knew would hold true before the recession but has really now hit home – is that if you have a choice between (a) cutting benefits and/or compensation in order to save jobs OR (b) cutting positions while not reducing existing employees' comp and benefits, you should always choose the latter. Many managers and employees have a view that it is better to cut benefits and pay across the board in order to save as many jobs as you can in a tough market.

This, in my mind, will always be the wrong approach. And I think this was a mistake made by many companies during the recession and, in the long run, is a losing proposition for a business. My preference will always be to cut the lowest performers – or the lowest value jobs – rather than cutting comp and benefits for the entire workforce. At CCC, we did not take away the 401K match, for instance, as so many other companies did. We also paid out bonuses. Admittedly, we discussed other options but decided that it is better to invest in the people you have versus avoiding cutting positions and saving expense through reductions in benefits or compensation. Both are hard choices. In our situation, we really did not cut positions, so we were fortunate in that regard. But, if we had needed to, I would have strongly advocated keeping the benefits and pay intact in order to preserve employee engagement and reduce less valued positions. People don't forget when their employers cut comp and benefits. You need to retain your strongest performers and how you treat people during tough times is not something they will forget. When the economy gets better, long-term decisions will always trump the short-term ones.

As HR prepares for the future, what, in your experience, should be on the priority list as far as attracting, developing and retaining employees for future growth?

Newman: I am convinced that HR needs to play a more active role in helping companies innovate. Innovation will continue to be the key for future growth and will ultimately determine who wins or loses in their marketplace. Traditionally, innovation hasn't been on the HR's radar screen and we haven't played a strong enough role in helping the enterprise develop their innovation model. Innovation is a clear differentiator for market leaders, regardless of the industry. So, HR needs to lead to ensure the organization is positioned to successfully innovate. This includes ensuring the right talent is in place, the right structure, proper incentives, and culture. All are key elements of having a successful innovation model. Finally, we need to align our own way of doing things in HR – our own processes – to help our companies push new innovative products and services into the market.